

110TH CONGRESS
2D SESSION

H. R. 6352

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for contributions to a trust used to provide need-based college scholarships.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2008

Mr. FATTAH introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for contributions to a trust used to provide need-based college scholarships.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Communities Com-
5 mitted to College Tax Credit Act of 2008”.

1 **SEC. 2. CREDIT FOR CONTRIBUTIONS TO A TRUST USED TO**
 2 **PROVIDE NEED-BASED COLLEGE SCHOLAR-**
 3 **SHIPS.**

4 (a) IN GENERAL.—Subpart B of part IV of sub-
 5 chapter A of chapter 1 of the Internal Revenue Code of
 6 1986 (relating to other credits) is amended by adding at
 7 the end the following new section:

8 **“SEC. 30D. CONTRIBUTIONS TO TRUST USED TO PROVIDE**
 9 **NEED-BASED COLLEGE SCHOLARSHIPS.**

10 “(a) ALLOWANCE OF CREDIT.—In addition to any
 11 deduction allowable under this title, there shall be allowed
 12 as a credit against the tax imposed by this chapter for
 13 the taxable year an amount equal to 50 percent of des-
 14 ignated qualified college scholarship funding contributions
 15 made by the taxpayer during the taxable year.

16 “(b) DESIGNATED QUALIFIED COLLEGE SCHOLAR-
 17 SHIP FUNDING CONTRIBUTION.—For purposes of this
 18 section—

19 “(1) IN GENERAL.—The term ‘designated quali-
 20 fied college scholarship funding contribution’ means
 21 any charitable contribution (as defined in section
 22 170(c))—

23 “(A) which is paid in cash by the taxpayer
 24 to a qualified scholarship funding trust, and

25 “(B) which is designated by the trust for
 26 purposes of this section.

1 “(2) QUALIFIED SCHOLARSHIP FUNDING
2 TRUST.—The term ‘qualified scholarship funding
3 trust’ means a trust—

4 “(A) which is established and maintained
5 in the United States by an organization—

6 “(i) described in section 501(c)(3) and
7 exempt from tax under section 501(a), and

8 “(ii) organized primarily for edu-
9 cational purposes,

10 “(B) which is part of a plan of one or
11 more local education agencies (as defined in
12 section 9101 of the Elementary and Secondary
13 Education Act of 1965) of the State in which
14 such trust is established and maintained to pro-
15 vide scholarships to children of such agencies,
16 and

17 “(C) the written governing instrument of
18 which—

19 “(i) requires that the income of the
20 trust be used exclusively to provide quali-
21 fied scholarships (as defined in section
22 117(b)) to individuals who—

23 “(I) are candidates for a degree
24 at an institution of higher education
25 (within the meaning given such term

1 by section 101 of the Higher Edu-
2 cation Act of 1965 (20 U.S.C. 1001)),
3 and

4 “(II) have demonstrated financial
5 need in accordance with section 471
6 of such Act (20 U.S.C. 1087kk), and
7 “(ii) requires that the assets of the
8 trust not be distributed for any purpose.

9 “(c) LIMITATIONS.—

10 “(1) IN GENERAL.—There is a national quali-
11 fied college scholarship funding contribution limita-
12 tion of \$1,000,000,000.

13 “(2) ALLOCATION OF LIMITATION.—

14 “(A) IN GENERAL.—Such national limita-
15 tion shall be allocated by the Secretary among
16 the qualified scholarship funding trusts which
17 have registered with the Secretary on or before
18 the 180th day after the date of the enactment
19 of this section. Each trust’s share of such na-
20 tional limitation shall be the amount which
21 bears the same ratio to such limitation as the
22 number of school age children of such trust’s
23 sponsoring agencies bears to the aggregate
24 number of school age children of the sponsoring

1 agencies of all trusts which have so registered
2 with the Secretary.

3 “(B) SCHOOL AGE CHILDREN OF SPON-
4 SORING AGENCIES.—For purposes of subpara-
5 graph (A), the number of school age children of
6 a trust’s sponsoring agencies is the number of
7 children of the local education agencies referred
8 to in subsection (b)(2)(B) who have attained
9 age 5 but not age 18 for the most recent fiscal
10 year ending before the date the allocations
11 under this paragraph are made.

12 “(3) DESIGNATION SUBJECT TO ALLOCATED
13 LIMITATION AMOUNT.—The amount of contributions
14 made to a qualified scholarship funding trust which
15 may be designated by such trust for purposes of this
16 section shall not exceed the limitation amount allo-
17 cated to such trust under paragraph (2).

18 “(4) MAXIMUM ALLOCATION PER TRUST.—The
19 maximum qualified college scholarship funding con-
20 tribution limitation which may be allocated to each
21 trust is \$200,000,000. An amount which may not be
22 allocated to a trust by reason of the preceding sen-
23 tence shall be allocated as provided in paragraph (2)
24 among registered qualified scholarship funding

1 trusts whose allocated limitation (without regard to
2 this sentence) does not exceed \$200,000,000.

3 “(d) APPLICATION WITH OTHER CREDITS.—The
4 credit allowed under subsection (a) for any taxable year
5 shall not exceed the excess (if any) of—

6 “(1) the regular tax liability (as defined in sec-
7 tion 26(b)) reduced by the sum of the credits allow-
8 able under subpart A and sections 27, 30, 30B, and
9 30C, over

10 “(2) the tentative minimum tax for the taxable
11 year.

12 “(e) APPLICATION OF SECTION.—This section shall
13 apply only to contributions made during the 3-year period
14 beginning on the 180th day after the date of the enact-
15 ment of this section.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for subpart B of part IV of subchapter A of chapter 1
18 of such Code is amended by adding at the end the fol-
19 lowing new item:

“Sec. 30D. Contributions to trust used to provide need-based college scholar-
ships.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to contributions made on or after
22 the 180th day after the date of the enactment of this Act
23 in taxable years ending after such date.

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